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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

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JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

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AZ Corporation Commission
Director Of Utilities

IN THE MATTER OF THE APPLICATION OF
MIDVALE TELEPHONE EXCHANGE, INC. FOR
AN AMENDMENT TO ITS CERTIFICATE OF
CONVENIENCE AND NECESSITY.

DOCKET NO. T-02532A-04-0842

Decision No. 67746

OPINION AND ORDER

DATE OF HEARING: March 4, 2005
PLACE OF HEARING: Phoenix, Arizona
ADMINISTRATIVE LAW JUDGE: Teena Wolfe
APPEARANCES: Ms. Ann Hobart, PERKINS, COIE, BROWN & BAIN,
P.A., on behalf of Midvale Telephone Exchange, Inc.;
and
Mr. Timothy J. Sabo, Staff Attorney, Legal Division, on
behalf of the Utilities Division of the Arizona
Corporation Commission.

BY THE COMMISSION:

On November 23, 2004, Midvale Telephone Exchange, Inc. ("Midvale" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for an extension of its existing Certificate of Convenience and Necessity ("CC&N").

On December 15, 2004, the Commission's Utilities Division Staff ("Staff") filed a letter notifying Midvale of the sufficiency of its application.

On December 17, 2004, a Procedural Order was issued setting a hearing on the application and setting associated procedural deadlines, including the publication of notice of the hearing.

On January 26, 2005, an affidavit of publication of the notice required by the December 17, 2004 Procedural Order was docketed.

No intervention requests were filed.

1 On February 18, 2005, Staff filed its Staff Report recommending approval of the application.
 2 Midvale did not file rebuttal testimony.

3 On March 4, 2005, a hearing on the application was held as scheduled before a duly
 4 authorized administrative law judge of the Commission. The Company and Staff appeared through
 5 counsel and presented evidence in support of the application. No members of the public appeared at
 6 the hearing to provide public comment.

7 On March 8, 2005, Qwest Corporation ("Qwest") filed a letter in this docket indicating that it
 8 supports Midvale's application and the transfer of Qwest service territory to Midvale that granting
 9 Midvale's application would require. The letter includes a copy of a revised map of Qwest's Prescott
 10 exchange. The revised map depicts the territory requested by Midvale as deleted from Qwest's
 11 service territory. Qwest's letter requests that the revised Prescott exchange map become effective as
 12 of the effective date of the Decision in this matter. Following the March 8, 2005, filing by Qwest,
 13 this matter was taken under advisement pending the submission of a Recommended Opinion and
 14 Order to the Commission for its final disposition.

15 * * * * *

16 Having considered the entire record herein and being fully advised in the premises, the
 17 Commission finds, concludes, and orders that:

18 FINDINGS OF FACT

19 1. On November 23, 2004, Midvale filed with the Commission an application for an
 20 extension of its existing certificated territory in Yavapai County. Midvale requests authority to
 21 provide basic local exchange and toll access telephone service to the area more fully described in
 22 Exhibit A, attached hereto and incorporated herein.

23 2. The Commission granted Midvale a CC&N in Decision No. 58048 (October 29,
 24 1992). Under authority granted by the Commission, Midvale currently provides service to a number
 25 of communities in Arizona, with a total of approximately 995 access lines. Its service area includes
 26 portions of Cochise, Gila, Graham, Maricopa, Pima, Pinal and Yavapai counties in Arizona.

27 3. On December 15, 2004, Staff filed a letter notifying Midvale of the sufficiency of its
 28 application.

1 4. On December 17, 2004, a Procedural Order was issued setting a hearing on the
2 application and setting associated procedural deadlines.

3 5. By Procedural Order of January 4, 2005, Mr. Conley E. Ward was granted admission
4 pro hac vice in this matter as requested by the December 30, 2004, Motion to Associate Conley E.
5 Ward as Counsel Pro Hac Vice filed by Ann Hobart of the law firm Perkins Coie Brown & Bain,
6 P.A., pursuant to Rule 33(c) and (d) of the Rules of the Supreme Court.

7 6. On January 26, 2005, an affidavit of publication of the notice was docketed, verifying
8 that notice of the hearing in this matter was published on December 29, 2004 in the *Courier*, a daily
9 newspaper published in the City of Prescott in Yavapai County, Arizona.

10 7. No intervention requests were filed, and Midvale did not file rebuttal testimony.

11 8. Public comment in support of the application was docketed on January 21, 2005.

12 9. On February 18, 2005, Staff filed its Staff Report on the application, recommending
13 approval.

14 10. On March 4, 2005, a hearing on the application was held as scheduled before a duly
15 authorized administrative law judge of the Commission. The Company and Staff appeared through
16 counsel and presented evidence in support of the application. No members of the public appeared at
17 the hearing to provide public comment.

18 11. The proposed extension area is currently included in Qwest's Prescott exchange
19 service area map on file with the Commission.

20 12. Midvale has received requests for service from residential customers within the
21 proposed extension area.

22 13. The application states that Qwest has determined that it would not be economic to
23 provide telephone service to the residents of the proposed extension area, and has therefore agreed to
24 relinquish the area to Midvale.

25 14. The application states that due to the proximity of its existing cable to the requested
26 extension area, Midvale could begin to serve customers in the area almost immediately, and that no
27 backbone construction charges will apply.

28 15. The Staff Report states that by Midvale's estimates, there are approximately 41

1 potential customers located within the proposed extension area.

2 16. According to the Staff Report, Midvale intends to provide basic local exchange
3 service, touch-tone service, high-speed data services, extended area service ("EAS") to Prescott's
4 local calling area, access to 911 emergency services, and Lifeline and Link-Up services for low
5 income subscribers. Midvale's proposed plant includes copper cable loops designed to support
6 broadband circuits, fiber optic cable transport facilities, next generation digital loop carrier and
7 modern digital switching.

8 17. The Staff Report verifies that Midvale has existing facilities located in the proposed
9 extension area and would only need to make minimal cable extensions and service drops to provide
10 service to the area. According to the Staff Report and Midvale's statements at the hearing, Midvale
11 could begin serving customers in the proposed extension area within 10 days of approval of its
12 application.

13 18. Midvale's service area is divided into the following five exchanges: Cascabel,
14 Millsite, Rio Verde (also known as Granite Mountain), Silver Bell and Young.

15 19. The application proposes to include the requested extension area within Midvale's
16 existing Millsite exchange. Midvale is currently providing service to three subdivisions located
17 adjacent to the proposed extension area. These subdivisions, which straddle the existing boundary
18 that separates the service areas of Midvale and Qwest, are known as Millsite, Mountain Pine Acres,
19 and Potato Patch.

20 20. Midvale's Millsite exchange has two-way extended area service ("EAS") with
21 Qwest's Prescott exchange. Customers served through the Millsite exchange therefore do not
22 currently pay toll charges to call into areas served by Qwest. Millsite exchange customers also have
23 two-way toll free calling with Qwest's Humboldt and Chino Valley exchanges, which are part of the
24 Prescott local calling area.

25 21. Midvale's current monthly rate per residence access line in the Millsite exchange is
26 \$24.00.

27 22. Staff states that Midvale's average cost per customer served in its Millsite exchange
28 would not increase significantly as a result of the proposed extension; that any impact on Midvale's

1 federal universal service fund support would be minimal; and that Midvale will fund service to the
2 proposed extension area using general funds, so that Midvale will require no additional financing.

3 23. The Staff Report indicates that Qwest has no telecommunications facilities and no
4 customers located within the extension area. Using examples provided to it by Qwest for Qwest's
5 cost to extend service to a similar mountainous area, Staff estimates that customers in the requested
6 extension area would be required under Qwest's tariff to pay over \$1,500 each in construction
7 charges to receive service.

8 24. According to the Staff Report, Qwest has indicated to Staff that it has received no
9 requests for service in the proposed extension area.

10 25. The Staff Report states that Qwest facilities, if extended to the proposed extension
11 area, would not be capable of supporting high speed internet service.

12 26. The Staff Report states that the Qwest monthly rate in the proposed extension area
13 would be \$16.18, which is comprised of the Residence Flat Rate Service rate of \$13.18 per month
14 within the exchange Base Rate Area, plus an additional monthly Exchange Zone Increment charge of
15 \$3.00.

16 27. Staff believes that the public interest would be served in this case by granting
17 Midvale's application.

18 28. The Staff Report recommends that, as a condition of approval of the application,
19 Midvale be required to charge its existing rates and charges in the extension area until further Order
20 of the Commission.

21 29. The Staff report also recommends that, as a condition of approval of the application,
22 Midvale and Qwest be required to update their respective tariffs within thirty days of this Decision to
23 reflect the transfer of the extension area.

24 30. On March 8, 2005, Qwest filed a letter in this docket indicating that it supports
25 Midvale's application and the transfer of Qwest service territory to Midvale that granting Midvale's
26 application would require. The letter includes a copy of a revised map of Qwest's Prescott exchange.
27 The revised map depicts the territory requested by Midvale as deleted from Qwest's service territory.
28 Qwest's March 8, 2005 letter requests that the revised Prescott exchange map become effective as of

1 the effective date of the Decision in this matter.

2 31. Qwest's March 8, 2005 filing clearly indicates that Qwest does not wish to serve the
3 territory into which Midvale proposes to extend its certificated service territory.

4 32. Midvale has the requisite technical and financial capability to provide
5 telecommunications services to the proposed extension area.

6 CONCLUSIONS OF LAW

7 1. Midvale is a public service corporation within the meaning of Article XV of the
8 Arizona Constitution and A.R.S. §§ 40-281 and 40-282.

9 2. The Commission has jurisdiction over Midvale and the subject matter of the
10 application.

11 3. Notice of the application was given in accordance with the law.

12 4. There was no objection to Midvale's extension request.

13 5. There is an existing need for telecommunications services in the proposed extension
14 area.

15 6. Midvale is a fit and proper entity to serve the proposed extension area.

16 7. The public convenience and necessity require the extension of Midvale's CC&N
17 territory to encompass the proposed extension area.

18 8. Midvale should be required to charge its approved rates and charges in the proposed
19 extension area.

20 ORDER

21 IT IS THEREFORE ORDERED that the Application of Midvale Telephone Exchange, Inc.
22 for an amendment to its Certificate of Convenience and Necessity to extend its service territory to
23 encompass the area described in Exhibit A shall be, and is hereby, granted.

24 IT IS FURTHER ORDERED that the tariff change requested by Qwest Corporation by its
25 March 8, 2005 letter and accompanying revised Qwest Prescott exchange map is hereby approved.

26 IT IS FURTHER ORDERED that Midvale Telephone Exchange, Inc. shall charge its existing
27 rates and charges in the extension area.

28 ...

IT IS FURTHER ORDERED that Midvale Telephone Exchange, Inc. shall file, within thirty days, an update to its tariff map on file with the Commission that reflects the extension of its service territory as approved herein.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 11th day of April, 2005.

BRIAN C. McNEIL
EXECUTIVE SECRETARY

DISSENT

DISSENT

TW:mj

SERVICE LIST FOR:

MIDVALE TELEPHONE EXCHANGE, INC.

DOCKET NO.:

T-02532A-04-0842

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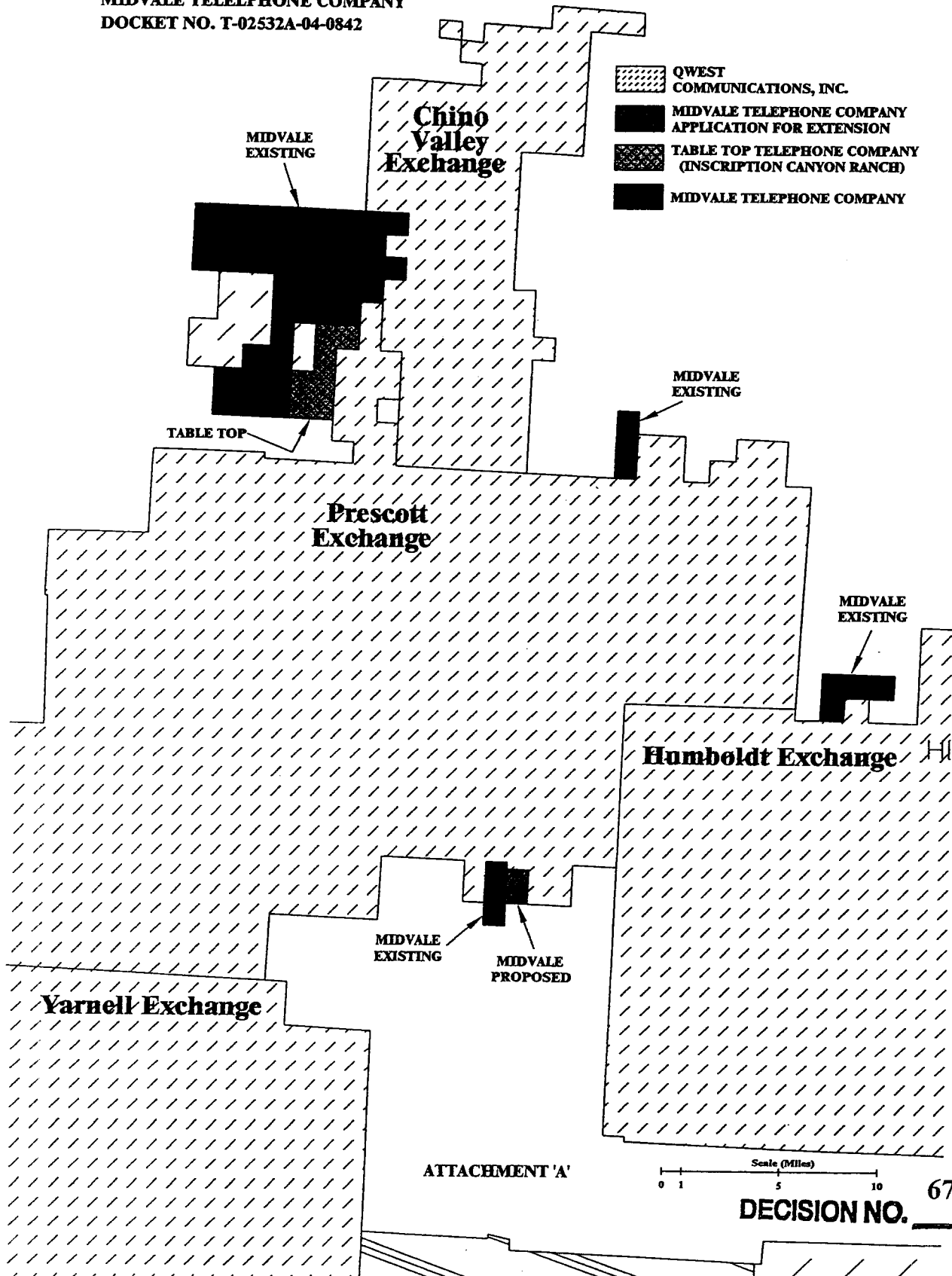
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EXHIBIT A

MIDVALE TELEPHONE COMPANY
DOCKET NO. T-02532A-04-0842



DECISION NO. _____

EXHIBIT A

The Southern two-thirds of Section 30 and all of Section 31, Township 12.5 North,
Range 1 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona.

EXHIBIT A

The Southern two-thirds of Section 30 and all of Section 31, Township 12.5 North,
Range 1 West, of the Gila and Salt River Base and Meridian, Yavapai County, Arizona.

